



OLYMPIA HOTEL MANAGEMENT

August 26, 2019

Dan Murphy
Mike Vandeheede
The Bend Hotel Development, LLC
806 16th Avenue
East Moline, IL 61244

Re: Recent Incident at Hyatt Hotel in Moline

Gentlemen:

We are writing to make you aware of our concerns with a pattern of behavior that has developed in connection with Mike Vandeheede's interactions with staff and guests at the hotels in Moline. The most recent incident occurred at the Hyatt in Moline the weekend of August 10 – 11; however, this is not an isolated incident, and similar repeated episodes have generated significant operational concerns and potential liability concerns, which we have a responsibility to bring to your attention.

The pattern of behavior causing concern involves inappropriate interactions with guests and staff, in which Mike is socializing with guests and staff in an unprofessional fashion, including consumption of alcohol, and communicating in aggressive, often vulgar or obscene language (verbal or in writing) to guests and staff. The most recent incident resulted in Mike sending an inappropriate group text message to several John Deere interns who were guests of the hotel. In short, there were a couple of noise complaints Saturday night that were logged at the front desk. Mike was at the desk Sunday mid-morning and read the log that provided information about the complaint. He reached out to this group of guests, with whom he has apparently had some ongoing correspondence, and conveyed something along the lines of "*Margo is f***ing dead.*" He sent a similar text message to our general manager. Apparently he also phoned the guest involved directly about the complaint.

Were this an isolated incident, we would be inclined to overlook it; however, a pattern of behavior toward both guests and associates is clearly emerging that could present operational, employment and other risk to the hotel, the Owner and Olympia, as manager. Please consider this letter a formal request for Mike to limit his interactions with associates and guests to communication through Olympia, as the manager at the hotels. As the owner representative, Mike's role is to interact with the general manager, and not directly with Olympia associates or with guests. Although this is uniformly true for all managed properties, limiting communication in this fashion is acutely important in a situation such as this.

On a related note, we also need to point out that on several occasions Mike has requested large manual checks from our general manager with no back-up or explanation. This is clearly not a best practice, and presents a lack of normal controls around distributions to the owner. There is a regular process for Olympia, as manager, transferring excess cash to the ownership group, and we believe it is critical to maintain appropriate controls and discipline in this regard. It is also important to point out that the hotel is well below the working capital balance required under our hotel management agreements, which is to be maintained at the \$150,000 level per hotel. We will make a cash request to increase the working capital balance to the minimum level required under each hotel management agreement; however, we would appreciate your assistance in maintaining appropriate financial controls in place at the hotel, and refraining from requesting on-demand checks from the property.

I want to thank you in advance for your assistance in addressing these situations. Although it is never easy to work through these kinds of tensions, with open communication and a good faith effort on both sides, we are sure these issues can be appropriately addressed. We truly believe that implementing these disciplines will result in a cleaner, less risky and more profitable operation over the long term.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Sara Masterson', written over a horizontal line.

Sara Masterson
President